

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

July 21, 2003
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Degginger, and Councilmembers Creighton, Davidson, Lee, and Noble

ABSENT: Councilmember Mosher

1. Executive Session

The meeting was called to order at 6:04 p.m. by Mayor Marshall, who presided.

2. Study Session

(a) New City Building – Proposed Project Scope and Preliminary Budget

Deputy City Manager Ed Oberg opened the discussion regarding redevelopment of the new City building. He noted tonight will be the last Council discussion prior to related Council action scheduled for July 28.

Planning and Community Development Director Matt Terry said the purpose of tonight's presentation is to summarize information provided to Council during the past few weeks, including public comments heard at the June 30 and July 14 public hearings, and provide more information on the architectural contract and insurance issues. Mr. Terry introduced the following panel members who were invited to discuss finance and insurance issues: Bob Wicklein, Seneca Group; Angie Terry, Willis Group; Dick Prentke, Construction Attorney with Perkins Coie; Carla Weinheimer, Community Development Manager and Project Manager; and Frank Pinney, Facilities Planning and Development Manager.

Mr. Terry reviewed public meetings to date regarding redevelopment of the new City building. A Technical Advisory Committee appointed by Council presented its recommendations on June 10 and June 16, and additional Council discussions have occurred on June 23, July 2, and July 7. Public hearings were held on June 30 and July 14. Additional public outreach includes a public open house, staff presentations to community groups, mailed information to community leaders, and information posted on the City's web site.

Mr. Terry responded to five questions raised by Council in previous discussions. Regarding the furniture, fixtures, and equipment (FFE) budget, he explained that the City intends to reuse existing furniture and equipment where possible. Most of the FFE budget is associated with new cubicle panel replacement. Existing panels are more than 20 years old and at the end of their useful life. Staff recommends a new panel system that will integrate wiring systems. Mr. Terry referred Council to the New City Building Agenda Materials packet, Exhibit 1 behind the “Response to City Council Questions” tab, for more information on FFE budget items.

Turning to the technology scope and budget for the project, Mr. Terry said the budget (currently \$6 million) assumes maintaining functionality by moving existing equipment. Technology costs are estimated at \$6-8 million and include \$1 million for telecommunications recabling outside the building, \$1.8 million for new equipment, \$200,000 in moving expenses, and \$3 million for infrastructure upgrades (e.g., telecommunications security, uninterrupted power system).

Responding to Deputy Mayor Degginger, Mr. Terry said Exhibit 2, Chart 2, describes baseline technology items contained in the \$6-8 million cost estimate as well as additional options for upgrading systems. Departments must prepare a business case for proposed upgrades in order for options to be considered in the next regular budget process.

In response to Mayor Marshall and Mr. Degginger, Mr. Terry said the building move is a good opportunity for departments to plan for identified technology needs. For example, in anticipation that the City might move to wireless computers in the future, this is a good opportunity to provide technology that would accommodate such a transition.

Mr. Terry addressed Council’s request for more information on the LEED (Leadership in Energy and Environmental Design) rating for buildings. The four levels (Certified, Silver, Gold, Platinum) provide national standards for high-performance, sustainable buildings. The City of Seattle has a policy that all municipal buildings will be built to the Silver level. The new City building can likely achieve a Silver rating within the proposed budget. However, the process fee (\$100,000) and the contingency (\$1.5 million for Silver level) to achieve the LEED certification is not included in the \$102.4 million project budget. The purpose of the contingency is to cover additional items that may be required as part of the LEED certification process. Mr. Terry said the City has no policy regarding LEED certification, and staff is not proposing the process.

Mayor Marshall noted the city manager’s interest in pursuing LEED certification. She said the redevelopment project contains many elements typically required for a Silver rating, and the building is intended to last for the next 50 years. Mrs. Marshall said Council should decide now if LEED certification is desired as that will affect design of the redevelopment project.

Mr. Lee is in favor of incorporating LEED principles into the design of the building but questioned the value of spending the money to receive the official certification.

Mr. Creighton is in favor of environmentally sensitive project components, particularly if there is some type of return on the investment. He is not interested in the estimated additional cost of \$5 million to achieve a LEED Gold rating. He could be persuaded to support pursuing a Silver rating if a return on investment can be demonstrated for key items.

Mr. Terry clarified that Council should decide now about whether to pursue a LEED Gold or Platinum rating. The proposed project elements are expected to make the building a good candidate for achieving a Silver rating.

Deputy Mayor Degginger concurred with Mr. Creighton's comments. Mr. Degginger and Dr. Davidson support environmentally sensitive building designs but see no need to spend the extra money on certification.

Mayor Marshall summarized Council consensus to support building elements consistent with a LEED Silver rating. However, there is concern about the performance audit fee and contingency budget associated with LEED certification. Mrs. Marshall asked staff to conduct a cost-benefit analysis of pursuing the LEED rating and certification.

Moving on, Mr. Terry referenced Exhibit 4 in the New City Building packet for a list of project consultants and contract amounts and Exhibit 5 providing more information on general office tenant improvements.

Responding to Mr. Noble, Ms. Weinheimer confirmed that plans for the new building are to have fewer enclosed (walled) offices and increased conference/meeting room space. Mayor Marshall questioned whether staff has been provided information regarding work space configurations for the new building. Ms. Weinheimer said information has been provided to staff and departments will be involved in planning for their space needs. Mr. Terry said a Department Resource Team has been created to facilitate the exchange of information.

Mayor Marshall reiterated her interest in knowing that staff members are comfortable with plans for the new building. She values staff and wants them to be in a good work environment.

Mr. Oberg acknowledged that the organization is facing several major changes in the near future including the move to the new building, implementation of the Enterprise Resource Planning (ERP) system, and consolidations and reconfigurations in some departments. It is inevitable that some employees will not be happy with the changes. City management and the project team are engaged in outreach activities to inform staff about anticipated changes and solicit feedback. Mr. Oberg said the changes will involve tradeoffs. He feels the new building provides many benefits including more meeting room space and more natural light into the building.

Turning to questions raised and feedback received through public comment, Mr. Terry noted a question regarding the City's reserve replenishment policy. Jan Hawn, Finance Director, said the proposed strategy is to replace reserves as rapidly as financially feasible using excess Capital Investment Program (CIP) revenue collections, incremental new taxes from the future use (car dealership) of the current City Hall site, and potential debt service savings. The status of reserve replenishment will be evaluated during each biennial budget process. Ms. Hawn briefly reviewed the proposed replenishment schedule, which restores reserves within 13 years and is designed to maintain the City's Aaa bond rating.

Responding to Mr. Lee, Mr. Oberg explained that bond rating agencies will want to see that the City has both a policy and a specific plan regarding the replenishment of reserves.

Moving to the next question raised in public hearings, Mr. Terry explained that the new city building finance plan will have an impact on future CIP needs and obligations. He noted that the failure of a public safety levy in the 1990s indicated the public's sentiment that such needs should be funded through the City's existing revenue stream. Therefore, the finance plan provides funding for public safety and general government capital needs utilizing future CIP allocations. The current CIP Plan will remain intact through 2009. Beginning in 2010, a portion of CIP funds will be dedicated to the new city building up to a maximum of 22.6 percent annually.

During the public hearings, a citizen suggested the City obtain a third-party review of the finance plan. Ms. Hawn said an independent financial advisor has been involved in the development of the plan on an ongoing basis. She reiterated that the finance strategy is designed to maintain the City's Aaa bond rating.

Mr. Terry noted a question regarding the comparison of the new city building's cost estimates with similar facilities. Cost estimates for Bellevue's new city building are \$168 per square foot compared to \$254 per square foot for the new Seattle Justice Center and \$270 for the new Seattle City Hall. Mr. Terry explained that building components differ considerably between the facilities so it is difficult to reach conclusions based on the comparisons.

In response to a question about project contingency funds, Mr. Terry reviewed the following: 10 percent design contingency (\$5.5 million), 8 percent construction contingency (\$4.6 million), and 7 percent soft cost contingency (\$1.4 million). The design contingency will be eliminated as design is completed. Mr. Terry said staff has no objections to placing the contingency allocation in the project budget as a separate line item, as suggested by Bellevue Downtown Association.

Mr. Terry moved to discuss the architectural contract and referenced the applicable section in the bound project packet. Revisions to the contract suggested earlier in the day by Deputy Mayor Degginger will be incorporated.

In reference to liability and insurance issues, Mr. Terry said Mr. Degginger prompted the City to reexamine its practice regarding insurance coverage. The architect's liability policy has been increased from \$2 million to \$5 million. There will be \$2 million in coverage for the structural engineer and \$1 million in coverage for all other consultants working on the project. Mr. Terry said staff researched the need for an additional project policy. Ms. Hawn explained that price quotes received were higher than anticipated. As a result, the most favorable policy costs include a deductible of \$100,000 as follows: \$475,000 for \$5 million in coverage, \$700,000 for \$10 million in coverage, and \$900,000 for \$15 million in coverage.

Ms. Terry said current insurance coverage quotes are higher than quotes received in February due to changes in the project scope, architectural firm, and estimated professional fees. She explained that a project professional liability policy covers all design professionals, engineers, and consultants involved in the project. It provides owner's indemnification and does not prevent the City from making a claim against a design professional should a loss occur. A project policy typically becomes the primary professional liability coverage for a project.

Responding to Mayor Marshall, Ms. Terry said either the architect's insurance coverage or the project policy can take precedence in the event of a loss, depending on the agreement between the parties. Mr. Prentke said the architect typically absorbs the deductible, but a different arrangement is possible if desired. In further response to Mrs. Marshall, Ms. Terry said a project professional liability policy is intended to cover a major loss rather than a series of smaller losses. The \$100,000 deductible applies to each occurrence.

Mr. Wicklein recommends a project policy at the \$5 million level along with a \$5 million policy for the architect. He feels the project poses less risk than some public projects because: 1) the building to be renovated is only 20 years old, and 2) the GC/CM (General Contractor/Construction Management) process provides more control and flexibility in managing the contract.

Mr. Prentke said a project policy should not be considered a panacea as insurance companies are reluctant to pay on claims. He noted that fees for design professionals, experts, and attorneys reduce the coverage. Damages are measured by the increased costs resulting from a negligent act. Mr. Prentke said it is rare to find coverage exceeding \$5 million for an architect's coverage on similar projects. Coverage of \$2-3 million is more typical.

Ms. Terry recommends \$10 million in coverage due to the significant professional services fees for the project and the number of professionals contracting directly with the City.

Responding to Mayor Marshall, Mr. Terry said the proposed budget includes \$400,000 for insurance. Ms. Hawn noted staff's recommendation to obtain a \$10 million project policy.

Responding to Councilmember Lee, Mr. Prentke said it is possible, but rare, that a professional liability claim could exceed \$5 million. Mr. Prentke noted that any professional working directly for the architect will be covered under the \$5 million policy for the architect.

Deputy Mayor Degginger expressed support for a \$5 million project policy, in addition to the \$5 million architect policy. Mr. Creighton concurred and noted that public entities tend to buy higher levels of insurance coverage than private parties. Mayor Marshall, Mr. Lee, and Mr. Noble expressed support for the \$5 million project policy as well.

Mayor Marshall thanked the panel members for their participation in the insurance discussion.

Mr. Terry reviewed the architectural contract, which has not yet been finalized pending a decision on insurance. The architect's fee is approximately \$6.1 million: \$4.4 million for basic services (architect, structural, mechanical/electrical/plumbing, fire protection) and \$1.7 million for other services (landscape, interiors, lighting, security). Mr. Terry said the fee is at the low end of the range for public projects. He explained that the resolution to be presented for Council action next week includes authorization for the city manager to amend the architectural contract for additional services if needed. Council approval will be required for any changes over \$50,000, and staff will provide monthly reports to Council.

Mr. Terry reviewed the three Council actions items scheduled for July 28: 1) resolution approving scope, preliminary budget, and finance plan, 2) resolution approving sale and lease of City Hall property, and 3) resolution approving the architectural services agreement. Future actions include selection of the General Contractor/Construction Manager (GC/CM) in September; Council approval of the design, budget, and finance plan in November; Council approval of the maximum allowable construction cost (MACC) in Spring 2004; and occupation of the new building in March 2006.

At 7:58 p.m., Mayor Marshall declared recess to the Regular Session.

The Study Session resumed at 8:50 p.m.

(b) Construction Code Advisory Committee – Final Report

Deputy Mayor Degginger, Chair of the Construction Codes Advisory Committee, introduced committee members in attendance: Harry Andresen (Andresen Architects), Cary Kopczynski (Kopczynski & Co.), and Mark Ludtka (Callison Architecture Inc.). Mayor Marshall thanked them for their service on the committee.

Mr. Kopczynski reviewed initial recommendations made by the CCAC in January 2001. Five of the recommendations addressed the use of technology to improve the efficiency and effectiveness of building and development services. Seven additional recommendations focused on streamlining processes, increasing flexibility, improving interdepartmental coordination, and enhancing predictability. CCAC members reviewed specific recommendations and key accomplishments:

1. Provide Internet access to the City's permit tracking system. – The City implemented online status checks for permits and online code violation complaints.
2. Implement Interactive Voice Response (IVR) system for all inspection requests. – An IVR system for Building Division inspections was implemented in August 2001. IVR will be implemented for additional departments in August 2003.
3. Develop Internet resources knowledge base. – Information now available on the Internet includes permit submittal requirements, review and inspection fees, informational handouts, permit time lines, codes and references, weekly permit bulletin, construction tip sheets, inspection checklists, and links to other resource sites.
4. Create wireless access to the permit database for inspectors. – The City is conducting a wireless pilot project using iPAQ handheld devices, tablets, and laptop notebooks.
5. Issue simple permits via the Internet. – Bellevue participated in the creation of MyBuildingPermit.com, a multi-jurisdiction web site for obtaining simple electrical, mechanical, and plumbing permits.
6. Establish predictable and reasonable permit issuance timelines. – Target time lines have been established for all permits, and pre-submittal intake checks are now conducted for single-family permits. Process improvements are being implemented to achieve target time lines consistently. The City is creating a customer service code of conduct for all development services.

7. Designate a project manager for major project review. – A pilot project was conducted with Bellevue School District to expedite the review and project management of school construction projects.
8. Selectively outsource plans for review. – The City implemented a single point of contact for projects reviewed by consultants to enhance quality control and consistency with other city reviews.
9. Increase flexibility in the use of Temporary Certificates of Occupancy. – An occupancy phasing process is under development.
10. Improve interdepartmental coordination. – Accomplishments include the creation of a code conflict resolution process and tracking system, restructuring of the Development Review Committee to facilitate cross-departmental coordination, reinstatement of the Inspection Services Management Committee, implementation of pre-occupancy meetings, initiation of the Development Services Improvement (DSI) project, and restructuring of the Permit Services Oversight Committee. A development review summit was held with all City development review staff to enhance coordination.
11. Improve predictability. – Accomplishments include the development of a code amendment allowing five-story wood-framed building construction and amendments to the clearing and grading code and enforcement practices.
12. Expand combination inspection program. – The City has refocused its technical training program on cross-discipline training for inspectors.

Mr. Ludtka presented the following final recommendations:

1. Institutionalize the essence of the DSI initiative.
2. Compare performance to established performance measures.
3. Actively listen to customers.
4. Explore opportunities for use of the Internet and emerging technologies.
5. Improve transition between permit review and inspection services.
6. Improve consistency and predictability in inspection services.
7. Promote regional cooperation.
8. Complete process re-engineering for plats, short plats, and remaining building permits.
9. Continually review codes.
10. Convene CCAC members for regular feedback.

Mr. Ludtka thanked Council and staff for their efforts to improve development services.

Deputy Mayor Degginger commended staff's implementation of initiatives introduced by the CCAC. The City has utilized technology to expedite permit processing and provide more information to customers. Mr. Degginger noted improved coordination between departments and development review staff, resulting in enhanced customer service. He thanked Building Division Director Mike Brennan, Planning and Community Development Director Matt Terry, Land Use Director Carol Helland, Transportation Assistant Director Laurie Gromala, and Jocelyn Mathiasen, Assistant to the City Manager, for their support to the committee.

Mr. Lee thanked committee members and staff for their work and the development of recommendations.

Mayor Marshall praised staff for the changes to improve customer service. Dr. Davidson looks forward to continued success with the recommendations.

(c) Wireless Communications Facilities – Comprehensive Plan and Land Use Code Amendments

Kate Berens, Legal Planner, recalled Council direction at the June 9 Study Session to remand Comprehensive Plan and Land Use Code amendments for wireless communications facilities to the Planning Commission to address two questions: 1) Should there be a limit on the number of wireless facilities allowed on any residentially zoned, City-owned property? and 2) Should there be a distance requirement between wireless facilities located in the right-of-way and facilities located on City-owned property in residential land use districts?

Ms. Berens said the Planning Commission recommends against placing a specific number limit on wireless communication facilities on residential zoned City-owned properties. The Commission was concerned that such limits might prevent installation on sites where multiple antennas could be effectively screened and force providers to locate facilities in less favorable locations. The Planning Commission recommends approval of a 520-foot limit between wireless communication facilities within the right-of-way and on City-owned property in residential land use districts. Ms. Berens said the proposed ordinances to amend the Comprehensive Plan and Land Use Code incorporate changes endorsed by Council related to the siting of wireless facilities on park properties.

Ms. Berens noted a recent citizen complaint regarding the height of a HAM radio antenna in a residential area. The City currently requires only building permit review, but not land use review, for HAM radio antennas. Ms. Berens said the federal government regulates amateur radio antenna and limits local government's ability to regulate within this arena. Local regulations cannot preclude a person from participating in amateur radio communications. Limits on antenna height must be justified by legitimate local government purposes and not unreasonably interfere with communications. Ms. Berens said staff recommends establishing a maximum height limit and requiring formal justification to exceed the height limit. However, local governments are not able to regulate a facility based on interference with other radio transmissions. The FCC's enforcement bureau handles complaints about interference.

Ms. Berens reviewed the following options for Council regarding amateur radio antennas: 1) Continue with current approach (which is embodied in the Planning Commission's recommended ordinance), or 2) Remove provisions suggested by Planning Commission and remand to the Commission for further study and development of a recommendation and ordinance specifically addressing amateur radio facilities.

Mr. Creighton feels the issue warrants further study and the identification of alternatives. Mr. Noble concurred and suggested staff research similar regulations in other jurisdictions.

Deputy Mayor Degginger expressed support for the Planning Commission's recommendation regarding the dispersion of wireless communication facilities.

Mayor Marshall agreed that the regulation of HAM radio antennas should be studied further and addressed more aggressively. She noted the negative visual impacts of these antennas as well as interference with cable television and cell phones.

Regarding the Planning Commission's recommendation against limiting the number of wireless communication facilities on residentially zoned City-owned property, Mayor Marshall suggested incorporating language to give Council discretion in ensuring placements that are in the best interest of the City.

Mayor Marshall thanked staff and the Planning Commission for their work as well as everyone who testified during public hearings on this issue.

Mayor Marshall declared the meeting adjourned at 9:43 p.m.

Myrna L. Basich
City Clerk

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